

# 2006 COMMUNITY LENDING PLAN

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## I. Introduction

The Community Investment Cash Advance (CICA) regulations require each Federal Home Loan Bank to establish a Community Lending Plan. This plan, to be adopted on an annual basis, shall be approved by the Bank's Board of Directors and address the following areas:

1. The Bank's market research within the District;
2. How the Bank will address the unmet credit needs identified within the District; and,
3. How the Bank will establish quantitative community lending performance goals.

## II. Market Study and Needs Analysis

In May 2005, member institutions were surveyed regarding the HELP and EDP<sup>Plus</sup> programs to evaluate the effectiveness of these special programs. The survey also sought to identify barriers to community development, determine specific actions and resources needed to increase the level of community development, and elicit suggestions for products and services that the Bank might offer to address these concerns.

During 2006, the Bank will utilize outside resources in conducting an assessment to identify unfulfilled housing or economic development needs in the Ninth District.

The Bank will continue to meet with its Advisory Council, community groups, small business development organizations and Bank members on a regular basis to discuss District needs. In addition, the Bank continues to enhance its marketing and educational activities for both housing and economic development initiatives.

## III. Market Research Analysis Results

Unmet or underutilized opportunities identified within the Bank's District include:

1. A continued need for more affordable housing. In addition, the lack of down payment savings continues to be a significant barrier to homeownership by very low- to moderate-income families.
2. Demand for more financing for micro-loans and other small business loans.
3. Demand for start-up capital to assist small businesses.
4. A strong desire for more technical assistance for small businesses and member institutions seeking to use Bank programs.

## IV. Technical Assistance

The Bank provides extensive technical assistance for program users through workshops conducted around the Ninth District, and on a daily basis through telephone and electronic communications. Specific activities including the following:

1. **Community Development Workshops:** In the spring of 2005, FHLB Dallas conducted five training workshops for approximately 350 participants. These workshops were held in the following locations:
  - a. Santa Fe, NM
  - b. Houston, TX
  - c. New Orleans, LA

- d. Little Rock, AR
  - e. Jackson, MS
2. **Regional Workshops:** Also during 2005, the Bank conducted two regional member-training workshops for approximately 150 participants. The workshops provided information about key products and services, and were held in the following locations:
    - a. Baton Rouge, LA
    - b. Indianola, MS
  3. **Technical Assistance:** The Bank staff is available on a daily basis to assist members, nonprofit organizations, local governments, for-profit developers and community groups with assistance for affordable housing and community development projects.

## V. Current Programs

The Bank currently offers the following programs.

1. Housing initiatives:
  - a. Affordable Housing Program (AHP)
  - b. Homebuyer Equity Leveraging Partnership (HELP)
  - c. Community Investment Program (CIP)
  - d. Partnership Grant Program
2. Community development initiatives:
  - a. Economic Development Program (EDP)
  - b. Economic Development Program<sup>Plus</sup> (EDP<sup>Plus</sup>)
  - c. Disaster Relief Program

## VI. New Initiatives

The Bank continually assesses the needs of its members, and offers new products and services when market research indicates a need. In September 2005, the Bank implemented a special Disaster Relief Grant Program (DRGP) in response to the devastation caused by Hurricanes Katrina and Rita. The DRGP will assist in the recovery effort and community investment needs of affected communities in Louisiana, Mississippi and Texas. The program has three components that focus on housing, economic development and community-based organizations. The grants may also be used to support hurricane-displaced residents in other locations within the Bank's five-state District. Applications are processed on first-come, first-served basis.

The HELP (Homebuyer Equity Leverage Partnership) and EDP<sup>Plus</sup> Small Business Capital Grant initiatives, launched in February 2002, are two more examples of the Bank's responsiveness to the changing needs of its members. HELP was developed following research that showed the biggest barrier to homeownership for many prospective first-time buyers in the Ninth District was the challenge to accumulate enough savings for a down payment. EDP<sup>Plus</sup> was developed to help small businesses address the need for working capital, especially for start-ups and those wanting to expand, as identified through member interaction and other research.

1. **HELP Overview:**
  - a. Funds are available to match savings accumulated by first-time homebuyers for down payment and/or closing costs at a maximum ratio of 4:1 (not to exceed \$6,000 per homebuyer).
  - b. Funds are allocated to member institutions on a first-come, first-served basis.
  - c. Homebuyers are required to complete a homebuyer education course.

- d. \$1 million in HELP funds were available in 2005, bringing the total funds committed to this program since inception to \$4 million.
  - e. Each member may apply for up to \$50,000 in HELP funds per year.
2. EDP<sup>Plus</sup> Overview:
- a. Funds may be used to provide small businesses with working capital for start-up or expansion, and can be used to:
    - 1. Purchase buildings
    - 2. Construct buildings
    - 3. Expand facilities
    - 4. Purchase machinery and equipment
    - 5. Pay for closing costs
  - b. Funds are allocated to members on a first-come, first-served basis.
  - c. Funds must be used in conjunction with an EDP advance and small business owner equity.
  - d. \$1.5 million in EDP<sup>Plus</sup> funds were made available in 2005, bringing the total funds committed to EDP<sup>Plus</sup> since program inception to \$4 million.
  - e. The Bank intends to commit an additional \$1 million in 2006.
  - f. Members may apply for a maximum of \$100,000 in EDP<sup>Plus</sup> grants each year, with up to \$25,000 in funding available for any one small business.
  - g. The small business owner must contribute at least 15 percent equity to the total finance package.
  - h. EDP<sup>Plus</sup> grant funds may constitute no more than 15 percent or \$25,000, whichever is less, of the total package.

## VII. 2005 Goals

<b>Programs/Actions</b>	<b>2005 Goals</b>
<i>New CICA Advances Funded/LCs Issued</i>	\$200 million
<i>Total CIP/EDP Advances/LC Users</i>	100
<i>New CIP/EDP Projects Funded</i>	180

## VIII. 2006 Strategies

1. Present the Bank's Community Development programs at various conferences, workshops and meetings as a way to educate, train and to promote their usage.
2. Explore opportunities to collaborate with other funders in specific states and communities in the Ninth District to address targeted community development funding needs.
3. Collaborate with the Bank's Corporate Communications and Member Sales Departments to highlight community development funded projects, develop greater awareness of the Bank's community development contributions, and expand community development partnerships with members, public officials, and community leaders.

## IX. 2006 Goals

<b>Programs/Actions</b>	<b>2006 Goals</b>
<i>New CICA Advances Funded/LCs Issued</i>	\$260 million
<i>Total CIP/EDP Advances/LC Users</i>	100
<i>New CIP/EDP Projects Funded</i>	230

